(b) if so, whether the bank authorities have forwarded the case to the C. B. I. for investigation;

(c) if not, whether Government will direct the C. B. I. to take up the case and investigate into the matter; and

(d) whether Government would initiate steps to unearth such other cases pertaining to corrupt officials of this Bank and refer them to C. B. I. for investigation and action?

THE MINISTER O STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The Vigilance Department of Punjab and Sind Bank has noticed some irregularities in the matter of purchase of property by an Assistant General Manager of the Bank. The bank has referred the matter to Central Vigilance Commission for advice.

(c) and (d) Each public sctor bank has an internal vigilance machinery which takes up necessary investigation, including reference to Central Bureau of Investigation wherever considered fit.

Opening of Private Banks

1620. SHRI SUSHIL KUMAR SAMBHAJIRAO SHINDE:
SHRI MURLIDHAR CHANDRAKANT BHANDARE:
SHRI RAJNI RANJAN SAHU:
SHRI GHUFRAN AZAM:
SHRI B. K. HARIPRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have lately decided to permit the opening of new private banks and to allow foreign banks to open their branches in India;

(b) if so, what are the main objectices of the scheme; and

(c) what is the number of proposals that have been received in each category and what decision, if any, has been taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The entry of private sector banks into the financial system is not legally prohibited. However, the policy towards the banking system has been reviewed in the light of the recommendations of the Committee on Financial System. Reserve Bank of India (RBI) have issued detailed guidelins on 22nd January, 1993 relating to entry of new private sector banks into the financial sector. Permission to foreign banks for opening branches in India is granted by RBI in terms of the provisions of Banking Regulation Act, 1949.

(b) The presence of private sector and foreign bonks in the country will infuse greater competition in the system so as to enable our public sector banks to respond more effectively to the emerging needs of the economy.

(c) RBI have reported that they have received certain proposals from foreign banks for opening branches/ respresentative offices in India. It will not be in the public interest at this stage to disclose the names foreign banks seeking such permission. RBI have further reported that they have received enquiries from several parties in the matter of opening banks in the private sector. RBI have so far not issued any licence for this purpose.

1621. (Transferred to the 13th May, 1993.)